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**Livingston Activity Center, Inc.
Walker, Louisiana
Annual Financial Statements
As of and for the Year Then Ended June 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JAN 25 2012**

Livingston Activity Center, Inc.

**Annual Financial Statements
As of and for the Year Ended June 30, 2011
With Supplemental Information Schedules**

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Independent Auditor's Report

To the Board of Directors of the
Livingston Activity Center, Inc.
Walker, Louisiana

We have audited the accompanying financial statement of financial position of the Livingston Activity Center, Inc. (a nonprofit organization) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year ended. These financial statements are the responsibility of Livingston Activity Center, Inc.'s management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Livingston Activity Center, Inc., as of June 30, 2011, and the respective changes in its net assets and its cash flows, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**To the Board of Directors of the
Livingston Activity Center, Inc.
Independent Auditor's Report
Page 2**

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2011 on our consideration of the Livingston Activity Center Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "Bruce Harrell & Co." with a stylized flourish at the end.

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

December 2, 2011

Livingston Activity Center, Inc.
Comparative Statement of Financial Position
As of June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u> (Restated)
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 777,119	\$ 750,741
Receivables :		
Accounts	34,778	60,158
Other	4,732	-
Prepaid and Other	20,884	30,283
Total Current Assets	<u>837,513</u>	<u>841,182</u>
Property, Plant, and Equipment		
Land	205,525	205,525
Property, Plant and Equipment, Net	436,901	481,515
Total Property, Plant, and Equipment	<u>642,426</u>	<u>687,040</u>
Total Assets	<u>\$ 1,479,939</u>	<u>\$ 1,528,222</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 5,765	\$ 19,446
Other Accrued Payables	15,431	16,344
Total Current Liabilities	<u>21,196</u>	<u>35,790</u>
Total Liabilities	<u>21,196</u>	<u>35,790</u>
Net Assets		
Unrestricted	1,458,743	1,492,432
Temporarily Restricted	-	-
Permanently Restricted	-	-
Total Net Assets	<u>1,458,743</u>	<u>1,492,432</u>
Total Liabilities and Net Assets	<u>\$ 1,479,939</u>	<u>\$ 1,528,222</u>

The accompanying notes are an integral part of these statements.

Livingston Activity Center, Inc.
Comparative Statement of Activities
For the years ended June 30, 2011 and 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>2011</u>	<u>2010</u> (Restated)
Operating Revenues					
Public Support					
Contributions	\$ 2,627	\$ -	\$ -	\$ 2,627	\$ 918
Grants	-	-	-	-	-
Group Home Contracts	-	78,784	-	78,784	146,262
Medicaid	-	418,884	-	418,884	396,473
Other	-	4,732	-	4,732	1,135
Special Funds - Van Fund	-	3,774	-	3,774	161
United Way	7,200	-	-	7,200	7,200
Service and Fee Revenue	7,984	-	-	7,984	9,762
Program Income	-	53,464	-	53,464	55,139
Investment Income	1,472	-	-	1,472	3,022
Total Operating Revenues	<u>19,283</u>	<u>559,638</u>	<u>-</u>	<u>578,921</u>	<u>620,072</u>
Operating Expenses					
Program Services	572,002	-	-	572,002	580,702
Management and General	38,533	-	-	38,533	37,983
Fundraising	3,075	-	-	3,075	3,026
Total Operating Expenses	<u>613,610</u>	<u>-</u>	<u>-</u>	<u>613,610</u>	<u>621,711</u>
Change in Net Assets from Operations	<u>(594,327)</u>	<u>559,638</u>	<u>-</u>	<u>(34,689)</u>	<u>(1,639)</u>
Nonoperating Gains and Losses	1,000	-	-	1,000	2,195
Net Assets Released from Restrictions	<u>559,638</u>	<u>(559,638)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>(33,689)</u>	<u>-</u>	<u>-</u>	<u>(33,689)</u>	<u>556</u>
Total Net Assets, Beginning as reported	1,511,878	-	-	1,511,878	1,505,877
Prior Period Adjustment (Note 12)	<u>(19,446)</u>	<u>-</u>	<u>-</u>	<u>(19,446)</u>	<u>(14,001)</u>
Total Net Assets, Ending	<u>\$ 1,458,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,458,743</u>	<u>\$ 1,492,432</u>

The accompanying notes are an integral part of these statements.

Livingston Activity Center, Inc.
Statement of Functional Expenses
For the year ended June 30, 2011

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Activity Center</u>		<u>Management</u>		
	<u>Services</u>		<u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses					
Salaries and Wages	\$ 260,222	\$	16,789	\$ 2,798	\$ 279,809
Client Payroll	53,697		-	-	53,697
Employee Benefits	57,034		3,641	-	60,675
Bad Debts	10,000		-	-	10,000
Cost of Sales - Programs	19,655		-	-	19,655
Depreciation	42,244		2,696	-	44,940
Insurance	48,412		3,090	-	51,502
Miscellaneous	10,811		2,772	277	13,860
Professional Fees	11,992		2,998	-	14,990
Repairs and Maintenance	2,130		136	-	2,266
Supplies	-		5,806	-	5,806
Telephone	1,980		126	-	2,106
Utilities	7,510		479	-	7,989
Vehicle Expenses	46,315		-	-	46,315
Total Expenses	\$ 572,002	\$	38,533	\$ 3,075	\$ 613,610

The accompanying notes are an integral part of this statement.

Livingston Activity Center, Inc.
Comparative Statement of Cash Flows
For the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
		(Restated)
Cash Flows From Operating Activities		
Change in Net Assets	\$ (33,689)	\$ 556
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	44,940	51,707
(Gain) Loss on sale of property	(1,000)	(2,195)
Changes in operating assets and liabilities		
(Increase) decrease in receivables	20,648	21,243
(Increase) decrease in other assets	9,399	(6,712)
Increase (decrease) in accounts payable	(13,681)	3,139
Increase (decrease) in accrued payables	(913)	(1,847)
Net Cash Provided by (Used by) Operating Activities	<u>25,704</u>	<u>65,891</u>
Cash Flows From Investing Activities		
Purchases of property	(327)	(2,361)
Proceeds from sale of property	1,000	5,751
Net Cash Provided by (Used) by Investing Activities	<u>673</u>	<u>3,390</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	26,377	69,281
Cash and Cash Equivalents, Beginning of Year	750,741	681,460
Cash and Cash Equivalents, End of Year	<u>\$ 777,119</u>	<u>\$ 750,741</u>
Supplemental disclosures fo cash flow information		
Cash paid during the year for interest	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Livingston Activity Center, Inc.
Notes to the Financial Statements
As of and for the Year Ended June 30, 2011

Introduction

Livingston Activity Center, Inc., (the Organization) is a nonprofit corporation organized for the purpose of providing work programs for adult developmentally disabled citizens age 22 and older. The program operates on a fiscal year basis and is open for 240 days each year. The "Statement of Fact & Information" for operation of Livingston Activity Center, Inc., stresses the following:

- Each participant enrolled in the day program is afforded the opportunity to develop his or her independence based on individual strengths and needs. Individualized programs are developed for each participant by a team consisting of the participant, a parent or advocate, a direct care worker and any other person that the participant requests at the time of the team staffing. Individualized programs are updated on an annual basis. Each participant is assigned a qualified instructor/trainer relative to the area of work involvement.
- Active treatment and training is provided to participants five days a week, six hours daily, unless a holiday. Transportation is provided to and from the center according to the established transportation zones.
- Each participant will receive training to promote social skills, self-help skills, community awareness, self-preservation, job safety and job performance, with individual plans monitored for progress on monthly, quarterly, and annual basis, or as needed. Wages are to be paid to participants based on his or her client productivity rating and the established standards for a specific job area, such as mobile yard crew, janitorial crew, recycling crew, ceramic crew, greenhouse crew, or wood shop crew.

1. Summary of Significant Accounting Policies

A. Restrictions on Net Assets

Revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to any donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Organization. Generally, the donors permit the Organization to use all or part of the income earned for either general or donor-specified purposes.

Livingston Activity Center, Inc.
Notes to the Financial Statements
As of and for the Year Ended June 30, 2011

B. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

C. Basis of Accounting

The financial statements of the Livingston Activity Center, Inc., have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

D. Comparative Information and Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

F. Cash and Cash Equivalents

The Organization's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

G. Investments

Investments are reported at fair value. Investment income classified as operating revenue consists of interest and dividend income on investments and gains approved for use in operations. All other realized and unrealized gains or losses are classified as non-operating activity and are available to support operations in future years and to offset potential market declines. Investments classified as current are available for operations in the next fiscal year.

Livingston Activity Center, Inc.
Notes to the Financial Statements
As of and for the Year Ended June 30, 2011

Cash and cash equivalents are valued at their carrying amount due to their short maturities. Investments are reported at fair value based on quoted market prices. Debt is valued at rates currently available to the Organizations for issuances with similar terms and remaining maturities.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Property and Equipment

Purchases of land, buildings, and other property having a unit cost per established guidelines and a useful life of three or more years are capitalized at cost when they occur. Donated assets are capitalized at the estimated fair value at date of receipt. Property under capital leases is amortized over the lease term. Any gain or loss on sale of land, buildings and other property is reported as a non-operating gain or loss on the statement of activities, when they occur. The Organization maintains a threshold level of \$500 or more for capitalization of property and equipment. All capitalized assets, other than land, are depreciated using the straight line method over their estimated useful lives ranging from three to ten years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest expense incurred during a period of construction, less related interest income earned on tax exempt borrowings, is capitalized.

J. Revenue Recognition

Contributions, which include unconditional promises to give are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

The Organization reports contributions in the temporarily or permanently restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the consolidated statement of activities. Donor-restricted contributions are initially reported in the temporarily restricted net asset class, even if it is anticipated such restrictions will be met in the current reporting period.

Product or service revenue is generally recognized upon delivery of the product or services to the customer.

Gains and losses on investments and other assets and liabilities are reported as increases and decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Livingston Activity Center, Inc.
Notes to the Financial Statements
As of and for the Year Ended June 30, 2011

K. Contributed Services and Materials

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation.

Donated materials are recorded at their fair value at the date of the gift. The Organization does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue.

L. Income Taxes

The Livingston Activity Center, Inc. is a not-for-profit organization. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities.

2. Cash and Cash Equivalents

The bank balance was \$786,811 for the cash and cash equivalents, all held in interest bearing demand deposits within one financial institution. These deposits were secured at June 30, 2011 by \$250,000 of FDIC insurance, resulting in \$536,811 in uncollateralized deposits at June 30, 2011. The uncollateralized deposits would be considered a "concentration of credit risk" since the Livingston Activity Center retains the risk for uninsured or uncollateralized bank balances.

3. Revenue and Receivables

Receivables at June 30, 2011 were as follows:

	<u>2011</u>
Billings for Work Programs	
Group Homes	\$ 13,616
Other	4,023
Other - IRS Health Insurance Tax Credit	4,732
Medical Billings	17,139
	<u>\$ 39,510</u>

The receivables are deemed to be fully collectible by management. Thus, no allowance for uncollectible amounts is necessary at year end.

Livingston Activity Center, Inc.
Notes to the Financial Statements
As of and for the Year Ended June 30, 2011

The primary revenues for the Organization come from the following sources in the following approximate percentages.

Sources of funding for the years ending June 30, were as follows:

	<u>2011</u>		<u>2010</u>	
Self Generated				
Group Home Contracts	\$ 78,784	14%	\$ 146,262	24%
Investment Earnings	1,472	0%	3,022	0%
Recycling Programs	2,011	0%	3,745	1%
Sale of Vehicle in Nonoperating Income	1,000	0%	-	0%
Vending Machines	5,973	1%	6,017	1%
Customer Program Revenues				
Flatware	80	0%	40	0%
Wood Stakes	26,087	4%	25,617	4%
Yards	27,297	5%	29,482	5%
Total Self Generated Funds	<u>142,704</u>	<u>25%</u>	<u>214,185</u>	<u>35%</u>
Public Support				
Contributions	2,627	0%	918	0%
Medicaid	418,884	72%	396,473	64%
Other	4,732	1%	1,135	0%
United Way	7,200	1%	7,200	1%
Van Fund	3,774	1%	161	0%
Total Public Support	<u>437,217</u>	<u>75%</u>	<u>405,887</u>	<u>65%</u>
Total Sources of Funding	<u>\$ 579,921</u>	<u>100%</u>	<u>\$ 620,072</u>	<u>100%</u>

Supportive service revenue is earned through three forms of Medicaid billings: the new opportunities waiver (N.O.W.), the supports waiver, and the elderly disabled adult waiver. The new opportunities waiver is billed based on fifteen minute units of service and can apply to both the activity center and the supported independent living programs. The supports waiver is billed in day units and can only be applied to the work programs at the activity center. The supports waiver provides fewer services than the other waiver forms and is utilized as a bridge to partially meet the needs of clients due to the lengthy waiting list for the other waiver forms on a state-wide basis.

The Activity Center maintains several sources of self-generated revenue through multiple work programs conducted by the clients where revenue earned is put back into the program to fund ongoing supplies and equipment required to continue the program. These work programs include lawn care, newspaper recycling, and janitorial services. The Activity Center utilizes these forms of self-generated revenue to carry out the mission of the Activity Center while becoming less dependent on external supportive sources.

Livingston Activity Center, Inc.
Notes to the Financial Statements
As of and for the Year Ended June 30, 2011

4. Property and Equipment

The cost and accumulated depreciation of land, buildings, and other property were as follows at June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Land	\$ 205,525	\$ 205,525
Construction in Progress	37,929	37,929
Buildings and Improvements	442,378	450,003
Furniture and Equipment	42,682	42,355
Vehicles	<u>214,345</u>	<u>238,195</u>
Total cost of assets placed in service	942,859	974,007
Less accumulated depreciation	(300,433)	(286,967)
Property and equipment, net	<u>\$ 642,426</u>	<u>\$ 687,040</u>

Depreciation expense of \$44,940 and \$51,707 was recorded at June 30, 2011 and 2010 respectively. The Organization sold a fully depreciated vehicle for \$1,000 in the fiscal year ending June 30, 2011.

5. Investments

There were no investments held at either fiscal year end. Management is currently holding cash in the tower savings account with the goal of utilizing some of that cash to partially finance the costs of a new building when combined with appropriated funding from the State of Louisiana. Once additional funding has been awarded in future legislative sessions, past potential awards contingent upon the construction project proceeding will be combined with the cash held to cover the expected costs of the building.

6. Accrued Vacation

Vacation days are earned at the rate of one day per contract year not to exceed twelve days per contract year. Each employee can carry over any unused leave days not to exceed a maximum of twenty days. Accrued vacation payable was \$3,182 at June 30, 2011.

7. Donated Services

During the fiscal year ended June 30, 2011, various volunteer workers donated their time to the Organization. The value of this contributed time is not reflected in the accompanying financial statements because no objective basis is available to measure its value.

8. Allocation of Expenses

In some cases, common expenses are incurred which support the work performed under more than one grant or contract. Such expenses are allocated as agreed by the funding organizations or, in the absence of an agreement, on the basis which appears most reasonable to the Livingston Activity Center, Inc.

Livingston Activity Center, Inc.
Notes to the Financial Statements
As of and for the Year Ended June 30, 2011

9. Leases

Livingston Activity Center, Inc., leases office space from an affiliated organization at a nominal cost of \$1. The board of directors has also discussed plans to improve and expand facilities for activities provided to consumers.

10. Commitments and Contingencies

The Livingston Activity Center, Inc. receives a substantial amounts of its support for its programs of providing day services to challenged individuals, from governmental sources. These revenue streams require the Activity Center to furnish habilitation services to clients to be reimbursed at an amount stipulated in each contract. A significant reduction in the level of support, if it were to occur, may have an effect on programs and activities.

At June 30, 2011, the Organization was involved in one outstanding claim regarding a former employee at June 30, 2010. This claim has been settled. The Livingston Activity Center, Inc. was responsible for its insurance deductible of \$5,000. This amount has been paid by the date of this report and has been recorded in the financial statements as of June 30, 2011.

11. Subsequent Events

These financial statements considered subsequent events through December 2, 2011, the date the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending June 30, 2011.

12. Prior Period Adjustments

Adjustments to Beginning net assets for the year ending June 30, 2011

Unadjusted ending net assets for the year ending June 30, 2010	\$ 1,511,878
To record additional amounts due to consumers for services provided in prior periods after adjustment in labor rates from the Department of Labor	(19,446)
Adjusted ending net assets for the year ending June 30, 2010	\$ <u>1,492,432</u>

The effects of this entry are reflected in the comparative information and pertain to additional consumer wages earned in the following periods

The fiscal year Ending	Additional Wages
6/30/08	\$ 4,667
6/30/09	9,334
6/30/10	<u>5,445</u>
	\$ <u>19,446</u>

A liability for these amounts of \$2,426 remains in accounts at June 30, 2011, for consumers requesting a re-payment plan over a lump sum disbursement.

Supplemental Information

**Livingston Activity Center, Inc.
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2011**

Schedule 1

Compliance

There were no compliance findings for the fiscal year ending June 30, 2010.

Internal Control

There were no internal control findings for the fiscal year ending June 30, 2010.

Management Letter

There were no management findings for the fiscal year ending June 30, 2010.

**Livingston Activity Center, Inc.
Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2011**

Schedule 2

Compliance

There were no compliance findings for the fiscal year ending June 30, 2011.

Internal Control

Finding Number: 2011-II

Type Finding: Significant Deficiency not Material to the Financial Statements.

Criteria: The Livingston Activity Center, Inc. (the Organization) must demonstrate that activities related to financial management are reasonably reported and accurately reported.

Condition: With all smaller agencies, there will be limited segregation of duties for recording and reporting financial transactions. For the Organization, the chief accountant, in addition to some management duties, not born by the Executive Director is involved in financial input, custody of assets and reporting. The Organization mitigates these risks with the following controls:

1. Dual signatures required on checks
2. Assistance with end of year accounting and reporting by an external accountant

Per our review during the audit of the fiscal year ending June 30, 2011, dual signatures on checks continue to be utilized as in past periods. Review by executive director appears to occur but not in a documented manner. The schedules prepared by the external accountant for year end financial reporting appear adequate.

Effect: The Board must demonstrate that the level of control is adequate for authorization and reporting of receipts and disbursement transactions.

Recommendations: We recommended the following:

- Have the executive director review and sign-off, or designate a board member for review and sign-off, of monthly bank reconciliations, monthly cash registers, and monthly check and invoice registers.
- Periodically unannounced review by designated board member or executive director of detailed general ledger for vendors paid for reasonableness.
- Organize a board-approved per-hour pay rate file for each employee to facilitate the analysis conducted by the designated board member to cross reference to the pay rate data in the accounting system during periodic reviews. Currently this information is retained by the executive director.

Based on these actions and the size of the organization, it appears that the Organization is mitigating its lack of segregation of duties based on the available resources to segregate some of the duties and implement available mitigating controls. However, given the Organization's size, the risk will probably never be fully eliminated.

**Livingston Activity Center, Inc.
Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2011**

Schedule 2

Response by Management: We will fully implement the above recommendations no later than March 31, 2012.

Corrective Action Taken: Partial

Contact Person:
Ms. Linda Watts, Executive Director
(225) 664-7384

Management Letter

There were no management findings for the fiscal year ending June 30, 2011.

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**Report on Compliance and on Internal Control Over Financial Reporting Based on an
Audit of Financial Statements Performed in Accordance with Government Auditing
Standards**

To the Board of Directors of the
Livingston Activity Center, Inc.
Walker, Louisiana

We have audited the basic financial statements of the Livingston Activity Center, Inc. (a nonprofit organization), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Livingston Activity Center, Inc.'s, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Livingston Activity Center Inc.'s internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described as Finding Number 2011-11 in the accompanying Summary Schedule of Current Year Audit Findings, that we consider to be significant deficiencies in internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This report is intended for the information of management and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and it's distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statutes R.S. 24:513.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

December 2, 2011